
Auditor's Summary

Financial Audit of the Department of Hawaiian Home Lands

Financial Statements, Fiscal Year Ended June 30, 2016



PHOTO: DEPARTMENT OF HAWAIIAN HOME LANDS

***THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Department of Hawaiian Home Lands (DHHL), as of and for the fiscal year ended June 30, 2016, and to comply with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by Accuity, LLP.*

About the Department

DHHL IS HEADED by the Hawaiian Homes Commission. DHHL was established by Section 24 of Act 1 (the Hawai'i State Government Reorganization Act of 1959), Second Special Session Laws of Hawai'i 1959, and is responsible for the administration of the Hawaiian Homes Commission Act of 1920 enacted by the United States Congress. The Hawaiian Homes Commission Act sets aside certain public lands as Hawaiian home lands to be utilized in the rehabilitation of native Hawaiians.

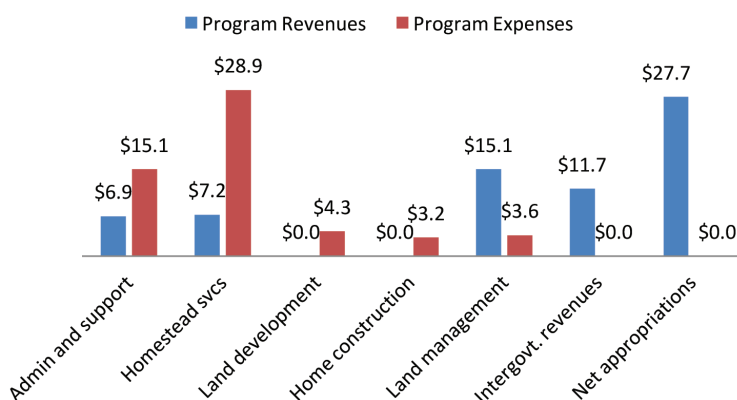
Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2016, DHHL's total revenues exceeded total expenditures by \$13.5 million. Total revenues were \$68.6 million (program revenue of \$40.9 million and State appropriations of \$27.7 million), and expenses totaled \$55.1 million. Approximately 33.5 percent of program revenues of \$40.9 million came from interest income, 28.6 percent from grants and contributions, 36.9 percent from the general lease program, and 1 percent from other sources.

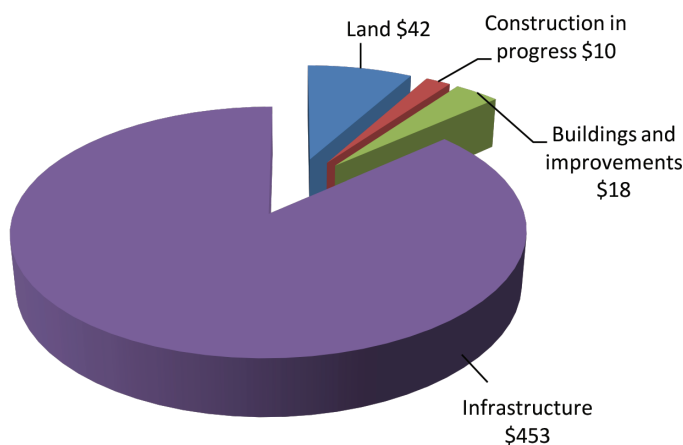
As of June 30, 2016, assets totaled \$952 million and liabilities totaled \$136 million, leaving a net position balance of \$816 million. Total assets included net capital assets of \$523 million, equity in cash of \$283 million, and loans receivable and other assets of \$146 million. Loans receivable consisted of 1,300 loans made to native Hawaiian lessees for the purposes specified in the Hawaiian Homes Commission Act. Loans are for a maximum amount of approximately \$354,000 and for a maximum term of 30 years.

Total liabilities included notes, bonds, and capital lease obligations totaling \$65 million, and temporary deposits payable and other liabilities of \$71 million.

Program Revenue and Expenses (in millions)



Net Capital Assets (in millions)



Auditors' Opinions

DHHL RECEIVED AN UNMODIFIED OPINION that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. DHHL also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*.

Findings

THERE WERE NO REPORTED DEFICIENCIES IN INTERNAL CONTROL over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. There were no findings that were considered material weaknesses in internal control over compliance in accordance with the *Uniform Guidance*.

For the complete report and financial statements visit our website at:

http://files.hawaii.gov/auditor/Reports/2016_Audit/DHHL2016.pdf